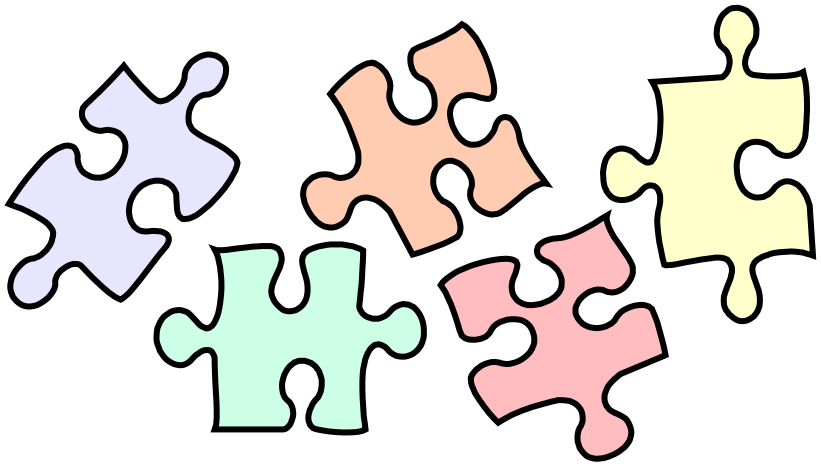
PILLING & CO
STOCKBROKERS LTD

HENRY PILLING HOUSE
BOOTH STREET
MANCHESTER
M2 4AF

TEL: 0161 832 6581
FAX: 0161 832 0815

Pilling Ideal Portfolios (PIPs)

User Guide & Client Agreement



Your Name:		Your A/C No(s)	
Your Pilling Contact		Date of Completion	

Please note that the value of your investments and the level of income produced can fall as well as rise and you may not get back the full amount that you invested. Past performance is not a guide to future returns. Any opinions expressed should not be construed as advice for investment in any product or security featured. Some shares may use part of the capital invested to provide an income. If you are uncertain about the suitability of any investments you should take independent advice (including tax advice) before investing. The information herein is based on current HMRC rules which are subject to change. Any opinions or information provided has been based on sources we believe to be reliable. Pilling & Co staff and/or principals may hold investments featured. All investments are subject to our current terms and conditions and charges which we reserve the right to change. Whilst every effort is made to ensure accuracy we cannot be held liable for errors or omissions. A copy of our internal complaints procedure is available on request together with the Financial Ombudsman Service (FOS) leaflet explaining their operation. Pilling & Co is registered under the Data Protection Act as a controller of information.

Pilling & Co Stockbrokers Ltd is registered in England and Wales No. 9220456 and
is authorised and regulated by the Financial Conduct Authority (FCA) No 652114
and are members of the London Stock Exchange and W.M.A. PIP0515

The Pilling Ideal Portfolios

As a stockbroking and wealth management firm our Investment Managers have regular contact with the country's leading fund management groups. It is difficult for a single fund management group to have sufficient expertise across all sectors and geographic areas. So we research which fund managers are best in each particular area and "cherry pick" the best for you.

The Pilling Ideal Portfolios (PIPs) are five portfolios of funds carefully selected by our Investment Managers. These are the **Income PIP**, the **Growth PIP**, the **Higher Income PIP**, the **Select Opportunities PIP** and the **Overseas PIP**.

When selecting a fund or trust it is essential to know: -

- The fund manager and his ability
- The portfolio strategy both current and looking ahead
- Sector and/or geographic weightings
- Tracking error, where applicable, and volatility
- Gearing strategy (for investment trusts only)
- Discount/premium situations (for investment trusts only)
- Currency hedging strategy for overseas fund

We continually monitor these points by having regular meetings and dialogue with managers.

The PIPs can be bought in your Pilling ISA & SIPP portfolios. They can also be bought via a Pilling Nominee Account. Due to the spread of investments we suggest the minimum investment should be **£20,000 per PIP**. You may add further money to the PIP later if you wish, providing it does not breach any contribution limits for ISAs and SIPPs.

PIPs are only available on a discretionary basis which means that we make changes to the portfolio when we think it best to do so. You will be sent contract notes when any changes are made and we provide you with a full report on the progress every six months.

Changes may be prompted by: -

- An underperformance within a sector
- A sector falling out of favour
- A change in the management of the fund
- A change to the economic environment

Charges

If you would like to sell existing stocks to invest in a PIP, we will **not** charge commission on the sale of these investments. Our normal commission of 1.65% on the first £10,000 and 0.5% on any balance will be charged on all transactions inside the PIP, this includes the switching of investments.

Our custody fee is 0.5% per annum charged six monthly in arrears on the total value of ALL your accounts with Pilling & Co. The fee has a minimum of £40 and a maximum of £140. In other words, any value over £28,000 is free so you may wish to consolidate your investments from other managers.

Our management charge is also lower than our normal discretionary rate at **0.5% plus VAT** per annum on the value of your PIP assets. This is levied proportionately every six months at the time of our report. The individual funds also charge annual management fees which will be reflected in the unit price. Details of these charges will be available on the managers websites.

PILLING IDEAL PORTFOLIO: GROWTH

INVESTMENT AIM:

To provide a balanced return of growth and income superior to the FTSE All-Share Index over medium and longer term by exposure to world equity and fixed interest markets via a medium risk portfolio of unit trusts, OEICs and investment trusts.

KEY FACTS:
Launch Date: 23 August 2001
ISA/SIPP compliant
£20,000 minimum

PORTFOLIO CO-ORDINATOR:
Mike Tattersall

PORTFOLIO MANAGERS:
Pilling & Co Investment Managers

Medium risk, balanced return but growth biased, mainly UK investments

PILLING IDEAL PORTFOLIO: SELECT OPPORTUNITIES

INVESTMENT AIM:

To provide long term capital growth superior to the FTSE All-Share Index through exposure to equity and fixed income markets, together with unlisted investments, via a medium to high risk portfolio of unit trusts, OEICs and Investment Trusts.

KEY FACTS:
Launch Date: 23 August 2002
ISA/SIPP compliant
£20,000 minimum

PORTFOLIO CO-ORDINATOR:
Nigel Moore

PORTFOLIO MANAGERS:
Pilling & Co Investment Managers

Medium and High risk, growth return, mainly UK investments

PILLING IDEAL PORTFOLIO: INCOME

INVESTMENT AIM:

To provide an income return comparable to the FTSE 350 High Yield Index with growth over medium and longer term by medium risk exposure to world equity and fixed interest markets via unit trusts, OEICs and investment trusts.

KEY FACTS:
Launch Date: 23 August 2001
ISA/SIPP compliant
£20,000 minimum

PORTFOLIO CO-ORDINATOR:
Alistair Hodgson

PORTFOLIO MANAGERS:
Pilling & Co Investment Managers

Medium risk, balanced return but income biased, mainly UK investments

PILLING IDEAL PORTFOLIO: HIGHER INCOME

INVESTMENT AIM:

To produce a level of income ahead of the yield on the FTSE All Gilts (fixed interest assets) and FTSE 350 High Yield (equity assets), with reduced relative volatility in capital performance. Investments will be made across a spread of assets that may include Unit Trusts, OEICs, Funds and Investment Trusts focusing on fixed interest securities, equities, property and infrastructure. Gearing and use of covered options may be utilised in certain funds where this is expected to result in enhanced yield.

KEY FACTS:
Launch Date: 23 August 2002
ISA/SIPP compliant
£20,000 minimum

PORTFOLIO CO-ORDINATOR:
Mike Tattersall

PORTFOLIO MANAGERS:
Pilling & Co Investment Managers

Medium risk, income return investments

PILLING IDEAL PORTFOLIO: OVERSEAS GROWTH

INVESTMENT AIM:

To provide predominantly long term capital growth superior to the FTSE Global All-Cap (Ex UK) index through the active management of a diversified portfolio with exposure to equity and fixed interest markets, via a medium to high risk portfolio of unit trusts, OEICs and investment trusts.

KEY FACTS:
Launch Date: 23rd April 2005
ISA/SIPP compliant
£20,000 minimum

PORTFOLIO CO-ORDINATOR:
Terry Applegate

PORTFOLIO MANAGERS:
Pilling & Co Investment Managers

Medium and High risk, growth return, non-UK investments

12 month performance (%) to the 23rd December each year for the last five years

	2014	2013	2012	2011	2010
Growth PIP	0.6%	32.8%	16.3%	-6.9%	22.6%
Select Opportunities PIP	-2.0%	31.6%	17.8%	-9.6%	24.5%
FTSE All Share Index	0.0%	13.6%	11.1%	-9.6%	14.0%
Income PIP	6.9%	18.1%	13.9%	-7.8%	13.1%
FTSE 350 Higher Yield Index	-2.1%	12.1%	6.4%	-2.7%	3.1%
Higher Income PIP	7.0%	5.9%	12.9%	-1.6%	12.1%
UK Gilt Index 10-15 years	11.4%	-9.8%	1.8%	11.6%	2.4%
Overseas Growth PIP	2.5%	9.8%	15.4%	-16.7%	21.8%
FTSE Global All Cap ex-UK Index	12.0%	21.0%	11.0%	-9.7%	13.9%

Past success should not be seen as a reliable indicator of future performance.
The figures above are before account fees

CLIENT INVESTMENT QUESTIONNAIRE

This agreement should be completed to enable us to operate a Pilling PIP model under discretionary management. Please indicate your preferences by initialling the appropriate boxes, signing the form and returning the complete copy of the agreement. The Financial Conduct Authority (FCA) rules require us to obtain such information about your investment objectives, financial resources and personal background as may be necessary to ensure the suitability and quality of our investment advice or the extent of discretion exercised on your behalf.

Account Title		a/c No	

	Self	**Spouse/Other**
Surname		
Forename(s)		
Nationality		
Occupation		
Marital Status		
Number of Dependants/ages		
Income Taxed @	45%/40%/20% /Other	45%/40%/20% /Other
Income from Employment	£	£
Income from Pension(s)	£	£
Other Income	£	£
Value of Home(s)	£	£
Value of other Property	£	£
Savings	£	£
Investments (including those held at Pilling)	£	£
Other assets	£	£
Mortgage(s) outstanding	£	£
Overdraft/Loans/Credit Card etc	£	£
Other Debts	£	£

CAPACITY FOR LOSS

To assist us in understanding your appetite for risk, please tick one of the following statements that best describes the effect that a 25% reduction in investment value or income generated from your investments would have on your lifestyle.

For example, you have invested £100,000 that earns income of £4,000 per year. Should the investment fall to £75,000 and the income to £3,000 would you be able to cope financially.

Please note these figures are for illustration purposes only and are in no way a guarantee of maximum losses.

☐ No material impact on my / our standard of living

☐ A small but acceptable impact on my / our standard of living

☐ A large but acceptable impact on my / our standard of living

☐ An unacceptable impact on my / our standard of living

GOALS AND OBJECTIVES:

I plan to use the money invested with Pilling's for: (Please initial one or more of the boxes)

☐ Retirement income ☐ Wealth Accumulation ☐ Capital Preservation

☐ Education Fees ☐ Inheritance for dependants ☐ Debt repayment

☐ Other Please state

TIME HORIZON:

Please indicate in this section how soon you may require your investments returned to you. We understand that circumstances do change over time.

☐ Less than 3 years ☐ 3-6 years ☐ 7-10 years ☐ Over 10 years

Are there any special circumstances in the future that you would like us to be aware of: e.g moving house, retirement

EXPERIENCE AND KNOWLEDGE:

Please initial the relevant boxes to describe your experience and knowledge of investments.

Do you have experience of dealing in any of the following?

☐ Shares

☐ Bonds/Fixed Interest

☐ Funds (Unit Trusts, OEICS, Replicated ETF's)

☐ Complex Stocks (Synthetic ETF's, Hedge Funds, Warrants, Derivatives)

How many years experience do you have trading in these products?

☐ None ☐ 0-1 ☐ 1-4 ☐ 5+

SOURCE OF FUNDS:

Please provide a brief description of the source of funding for the portfolio e.g. savings, existing investments, proceeds from property sale.

Third Party Authority

Full name, address and telephone number

Restrictions on authority to act on your behalf:

We will accept the instructions and divulge information about your investments either verbally or via client web access to the third party you name for the purposes of dealing in all types of products, as well as the movement of your investments and the payment and receipt of your money until cancelled by you in writing.

Unsolicited Calls Telephone calls or visits by us to discuss investments of the type you normally deal in without your express invitation Yes ☐ No ☐

Please take note that you may forgo certain statutory rights to cancel deals you enter into as a result of an uninvited call. If you wish to authorise unsolicited calls but subject to certain restrictions please list them here.

OUR DEFINITION OF RISK

It is a fact of life that capital growth or a high income return can only be achieved with some degree of risk. The greater the potential growth or income yield, the higher will be the risk. We suggest that you think about the risks inherent in the investments you are making and in very broad terms, for your guidance we classify the three major risk categories as follows:-

LOW RISK

These can include cash and fixed interest sterling denominated securities issued by major governments and corporations. In addition unit trusts, OEICs and ungeared collective investments investing principally in the above are acceptable. Please note however that a high exposure to gilts and other fixed interest securities might constitute a high risk policy since their capital values and the real value of the income that they produce are affected by interest rate fluctuations and inflation

MEDIUM RISK

Medium risk investments may include other fixed interest investments, shares in FTSE 100 Index constituent companies, well-established FTSE Mid 250 companies (perhaps ex-FTSE 100 stocks) and where possible (eg where the capital commitment is great enough) a judicious spread of shares in large and medium capitalized companies, Unit Trusts, OEICs, Investment Trusts and similar packaged investments in the major western markets (UK, Europe, North America) as well as internationally diversified examples of such funds are included.

Some sector specialist, ethical and single company country funds can be used as part of a diversified portfolio. Modest portfolio allocation in smaller companies in the major western markets via managed collective investments is also acceptable.

Insurance company and investment management company managed or multi-manager products are generally acceptable, either as part of a portfolio or in isolation.

HIGHER RISK

High risk covers all other types of investments not mentioned above and can incorporate weighting or even exclusive concentration on smaller capitalized or recent start-up businesses, junior markets and trading facilities (eg AIM and Plus quoted shares) or venture capital vehicles. Collective and packaged versions of the above are acceptable as well as offshore, non-sterling denominated or hedge funds. Investments in lesser-developed markets eg Asian and Emerging Markets are also included.

Warrants, covered warrants (securitised derivatives), options and other forms of derivatives also come under this category and you are required to complete a further application form (available on request) to help us assess whether complex products of this nature are appropriate for you.

Other investments covered under the **Notification of Services Required** section of this agreement should also be considered in this category.

We may invest in securities where the individual risk category of that security is outside your chosen risk profile. However, the overall risk profile of the portfolio will remain within your risk profile.

WARNING:- **We make every reasonable effort to ensure that your investments meet with your risk requirements. At the time of investment our understanding, and the market's opinion in general of a security's risk category will be applied as per your investment model. If at a later date it is found that the risk category was incorrect, we cannot be held responsible for any financial consequences or liabilities arising from any misunderstandings or mistakes in this aspect of your dealings with Pilling *&* Co.**

DISCRETIONARY MANAGEMENT SERVICES

Report Dates **23rd February / 23rd August**

This Agreement sets out the arrangements under which we will provide our Discretionary Management Services.

- We will manage for you the PIP portfolio that you have chosen on the "PIP contribution form".

- We shall have full discretion, and without prior reference to you, to enter into any kind of transaction or agreement for your account in or relating to the type of investment you have elected for.

- Other than the periodic reviews, statements and valuations, or unless requested by you or your Personal Investment Manager, you will not be contacted with regard to any aspect of the operation of your account.

- You will receive a contract note confirming the details of each transaction carried out on your account within a few days of dealing.

- **Our Charges and Fees** for the PIP services are as stated on page 2 of this document. We reserve the right to alter charges with one month's written notice.

- **Investment Objectives** - we will proceed on the basis that your investment objectives and risk parameters are as set out by your selected model portfolio. We may from time to time write to you to confirm that these objectives are unchanged and, in any event, should you wish to modify them you must notify us in writing as soon as possible.

- **Execution Only Arrangements** - transactions conducted on your behalf will always be entered into under the principles of *suitability and best execution.* However, on some occasions you may wish to instruct us to carry out transactions which you will not expect us to be responsible for advising you about their investment merits.

- **Portfolio Review and Performance Report** - we will send you an in depth analysis and review of your own portfolio every 6 months, a statement, a reconciliation of its performance and a general economic report.

- **Basis of Performance Measurement –** the percentage increase or decrease in the value of your portfolio since your last report will be shown alongside the percentage change (over the same period) in the level of an agreed benchmark (e g. FTSE All Share Index) that is appropriate for the PIP selected. (See descriptions on pages 3 and 4)

- **Basis of Valuations** - investments quoted, listed or regularly dealt on a recognised investment exchange will be valued at their middle-market quotation on that exchange unless stated otherwise. Unquoted investments will be valued at cost or such other value as we may consider appropriate at the time. Current exchange rates will be applied when valuing holdings in foreign currencies. We reserve the right to adopt any other method of valuation when we have reasonable grounds for believing that another approach more accurately reflects the market value of a particular investment.

- **Your Money** - we deal with your money in accordance with the client money regulations of the FCA. If we purchase or recommend a purchase of a foreign stock there may be a possibility that a dividend or interest payment could be held for a while in a foreign bank that does not have the same protections as money held in banks in the UK
- **Custody of Your Investments—** we will register your investments in the name of St. Anns Square Nominees Ltd or a nominated sub-custodian subject to written agreement with Pilling & Co.
- **Transfers of Income and Capital** - we will arrange for any income or capital sums arising from your portfolio to be sent to you in accordance with your written instructions.
- **Termination of Agreement** - either party may terminate a discretionary agreement by giving one month's notice in writing. You will remain liable for any transactions entered into before notice is received or instructed during the notice period and you will pay any charges or fees due to us under the appropriate Agreement on a pro rata basis.
- It is hereby confirmed that where this Agreement is signed by more than one person, we are the joint owners of all cash, securities or other property held for us and that on the death of any one of us such ownership will automatically accrue to the survivor(s) who will continue to be bound by the above terms and conditions as if they had signed alone.
- I have read and understood the contents of this Discretionary Management PIP Services Agreement including the Terms and Conditions of Business and agree to be bound by them.
- I understand that Pilling & Co cannot make any promises as to the future performance of the portfolio maintained on my behalf and that, so long as they act in good faith, they cannot accept any liability for any loss arising through their exercise of this authority or the management of my portfolio, nor for taxation charges arising for any reason.
- I / We confirm that I am not a US person, resident or green card holder. If you are resident for tax purposes in a country other than the UK* please tell us here

*UK in this definition excludes Isle of Man, Jersey, Guernsey, Gibraltar and other Crown dependencies.

IMPORTANT NOTICE -**If there is anything that you do not understand or if you wish for further clarification, please contact us before you sign and return this agreement.**

Signed X X

Full Name

Date

Signed for and on behalf of Pilling & Co Stockbrokers Ltd

Dennis L Morgan (Chief Executive)

Pilling & Co Stockbrokers Ltd PIP Application form

Title | First Names (in full)

Surname | Your Pilling A/C number

Permanent Residential Address

Postcode

You must supply an email address to receive your statements, valuations, contracts and newsletters on line. Instructions will be sent to this email address on how to set up your Client Web Access (CWA). If you do not have access to a computer or an email address, paper versions are available by ticking this box. ☐

Email

Tel Work:- Home: - Mobile: -

Only complete/provide the following if you are a new client or you need to update your details

Your Bank details for payments to you.

Bank

Sort Code

A/C No. ***8 digits only***

Customer ref (if applicable)

Date of Birth DD/MM/YYYY

Do you have a National Insurance Number?

Yes ☐ No ☐ If Yes, you must enter it below

☐☐ ☐☐☐☐☐☐ ☐

You can find your NI number from a payslip, form p45 or p60, a letter from HMRC or the DWP, or a pension book

Please provide two different forms of identification, one from list A, and a second from either list:

List A

Valid full UK passport (or certified copy)*
Valid full UK driving Licence (or certified copy)*
Recent evidence of entitlement to a state or local authority-funded benefit
HMRC demand/statement/notification

List B

Current council tax demand letter or statement
Current bank statement (not printed off the internet)
Current credit/debit card statement (not printed off the internet)
Utility bill from the last 3 months (not printed off the internet)

*Certified copies must be signed by a professional person such as solicitor, accountant, GP or teacher, etc.

Is this application for a PIP to be purchased in a new or existing service/account? (please tick)

☐ New Service/Account ☐ Existing Service/Account

Which type of service/account is it to be purchased in?

☐ ISA SIPP ☐ PIP Nominee ☐

Income (Subject to your PIP selection)

How would you like your income treated?

☐ I wish to retain any income as cash on deposit in my account (See page 4)

☐ I wish to have income paid quarterly into my bank or building society account **give details above**.

PIP Contribution Form

Either ☐ I enclose my cheque for £ _____ to fund my PIP Application

Or ☐ Please use cash in my existing ISA ☐ SIPP ☐ PIP Nominee ☐

Or ☐ Please sell the following holdings detailed below to fund the PIP.

No. of units/ shares	Name of Security	Office use only

INVESTMENT RISK & OBJECTIVES

Please select your risk tolerance and investment objectives below by inserting the amount of money you wish to invest in your selected PIP(s). PIP's are model portfolio's and therefore have predetermined objectives. Please ensure you have read our definition of risk on page 8.

If you are unsure which PIP is best suited to your investment needs please discuss with your Investment Manager before completing this form.

£	**Income PIP**	Medium Risk, Balanced Return with Income Bias
£	**Higher Income PIP**	Medium Risk Income Return
£	**Growth PIP**	Medium Risk Balanced Return with Growth Bias
£	**Select Opportunities PIP**	Medium/High Risk Growth Return
£	**Overseas PIP**	Medium/High Risk Growth Return

Please note the minimum investment into a PIP model is £20,000.

Investing in any asset class will involve risk at varying degrees, and this may result in you not receiving back the original amount you invested. There are many factors to consider such as timing and external financial events.

Signed _____ Date _____